



April 23, 2003

TO: Agency Secretaries  
Department Directors

All State departments were required to submit, to the Department of Personnel Administration (DPA) and the Department of Finance (DOF), Layoff and Reduction Plans by April 22, 2003. DPA must now review each layoff proposal before finalizing layoff contingency plans for each department. Likewise, DOF must approve the reduction plans.

These plans are necessary so that layoffs can be an option if the assumed budget savings are not accomplished through collective bargaining. The Department of Personnel Administration will review the proposals before layoff contingency plans are finalized for each department.

The department layoff and reduction plans were requested prior to the conclusion of negotiations because regulations require that surplus employee notices be made 120 days before any layoffs can occur. Therefore, after review of the departments' plans, class surplus lists will be created in the event that layoffs are needed to accomplish previously proposed budget savings. Negotiations with union representatives will continue in an effort to accomplish the targeted savings outside of layoffs.

Though it is the goal of the Administration to avoid layoffs through other employee compensation reductions, it is necessary to provide surplus employee notices well before the actual level of potential layoffs is finalized. This will allow the layoff process to begin so that timely budget savings can be accomplished.

The funding for departments has already been reduced, as no employee compensation funding was provided in the January Budget. Thus, these employee layoff and reduction plans are extremely critical to the budget integrity of each department. Departments should take every possible step to be prepared to balance their own budgets. The Department of Finance will not approve any deficiency requests related to employee compensation.

If you have any questions please call either of us.

Sincerely,



STEVE PEACE, Director  
Department of Finance



MARTY MORGENSTERN, Director  
Department of Personnel Administration